

# Topdanmark's First Half 2002 Results



# Agenda

- Trend in results
- Non-life insurance
- Life insurance
- Share buy-back programme
- Profit forecast



# Key features of accounts

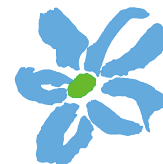
- DKK 341m post-tax earnings
- DKK 487m pre-tax earnings before goodwill
- Result affected by large expenses on:
  - Storms
  - Cloudbursts
  - Fire claims } of almost DKK 180m
- Growth in premiums:
  - Non-life: 4.2%.
  - Life : 41.4%



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# Trend in results - earnings declined in 2002 half-year

## Financial highlights

DKKm	Full year 2001	6 months 2001	6 months 2002
<b>Premiums earned:</b>			
Non-life insurance	6,039	2,991	3,117
Life insurance	1,257	652	923
	<u>7,296</u>	<u>3,643</u>	<u>4,040</u>
Non-life insurance (before goodwill amortisation)	279	375	255
- of which Danske Bank	(28)	249	100
Life insurance	129	64	36
Parent company etc.	105	197	50
<b>Pre-tax profit before goodwill</b>	<b>513</b>	<b>636</b>	<b>341</b>
Goodwill	(79)	(39)	(39)
Tax	(26)	(22)	(73)
Income taken to shareholders' funds	0	0	112
<b>Earnings for the period</b>	<b>408</b>	<b>575</b>	<b>341</b>



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# Result of non-life insurance - DKK 255m

## Trend in results - Non-life

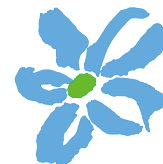
DKKm	Full year 2001	6 months 2001	6 months 2002
Gross premiums earned	6,039	2,991	3,117
Technical interest	225	118	54
Claims incurred	(4,518)	(2,260)	(2,394)
Reinsurance ceded	(15)	48	(93)
Expenses	(1,289)	(650)	(650)
Equalisation provision	(81)	(50)	63
<b>Technical result</b>	<b>361</b>	<b>197</b>	<b>97</b>
Other items	(39)	0	0
Investment income excluding Danske Bank	(15)	(71)	58
<b>Non-life insurance before Danske Bank</b>	<b>307</b>	<b>126</b>	<b>155</b>
Danske Bank	(28)	249	100
<b>Non-life insurance</b>	<b>279</b>	<b>375</b>	<b>255</b>



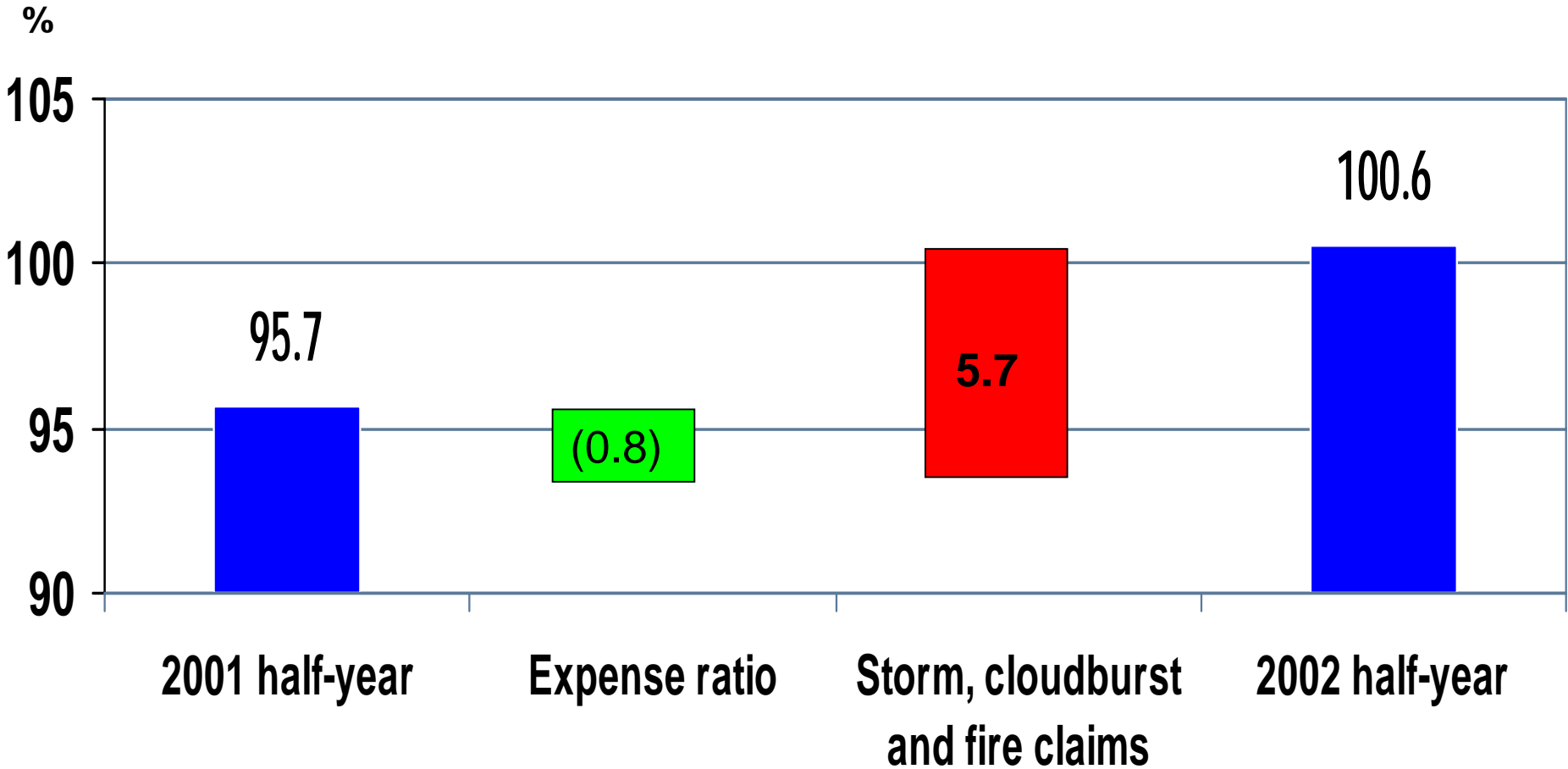
Non-life

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# Non-life insurance - trend in combined ratio



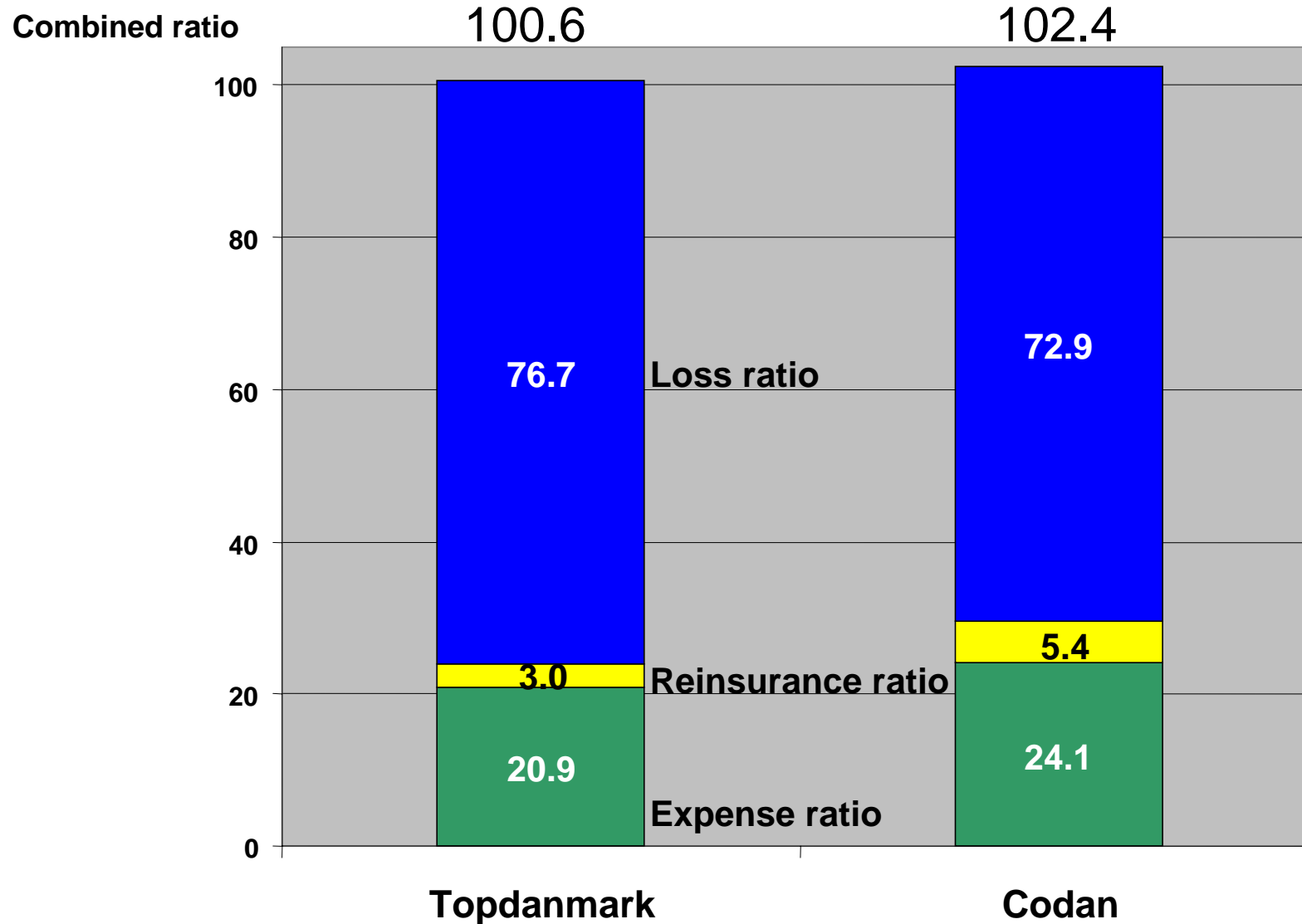
Non-life

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# More efficient - but higher loss ratio



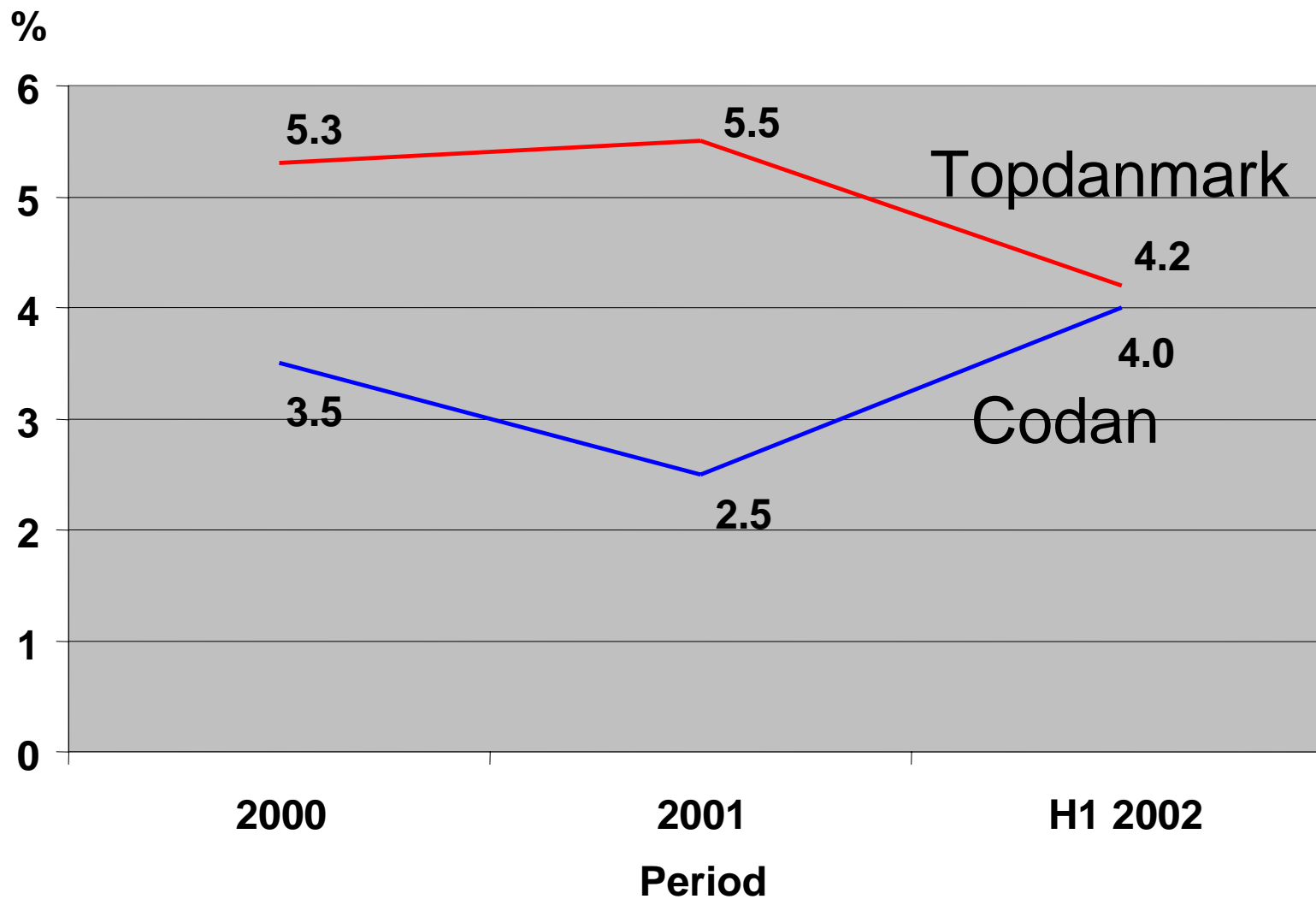
Comparison of combined ratio - 2002 half-year



Non-life

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# Growth in premiums



Non-life

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# Necessary initiatives already implemented

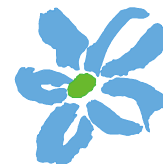
- The Danish Act on civil liability provided increase in premiums at 1 July 2002
- Distribution through "home" going well
- 7 - 8% growth in premiums expected in 2002
- More claims to be expected in future due to more unstable weather
- Sufficient increases in premium rates to be implemented
- Combined ratio about 96% expected in 2003



**Non-life**

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# Continued growth in life insurance

- Improved competitive position
- Relatively satisfactory return on investments
- In Danish Financial Supervisory Authority's green classification throughout recent months
- Lower result in life insurance due to new definition of profit
- Continued development of new products
- Business relationship initiated with Association of Danish Savings Banks (about 300 branches)
- Expected premium growth higher than market in 2002



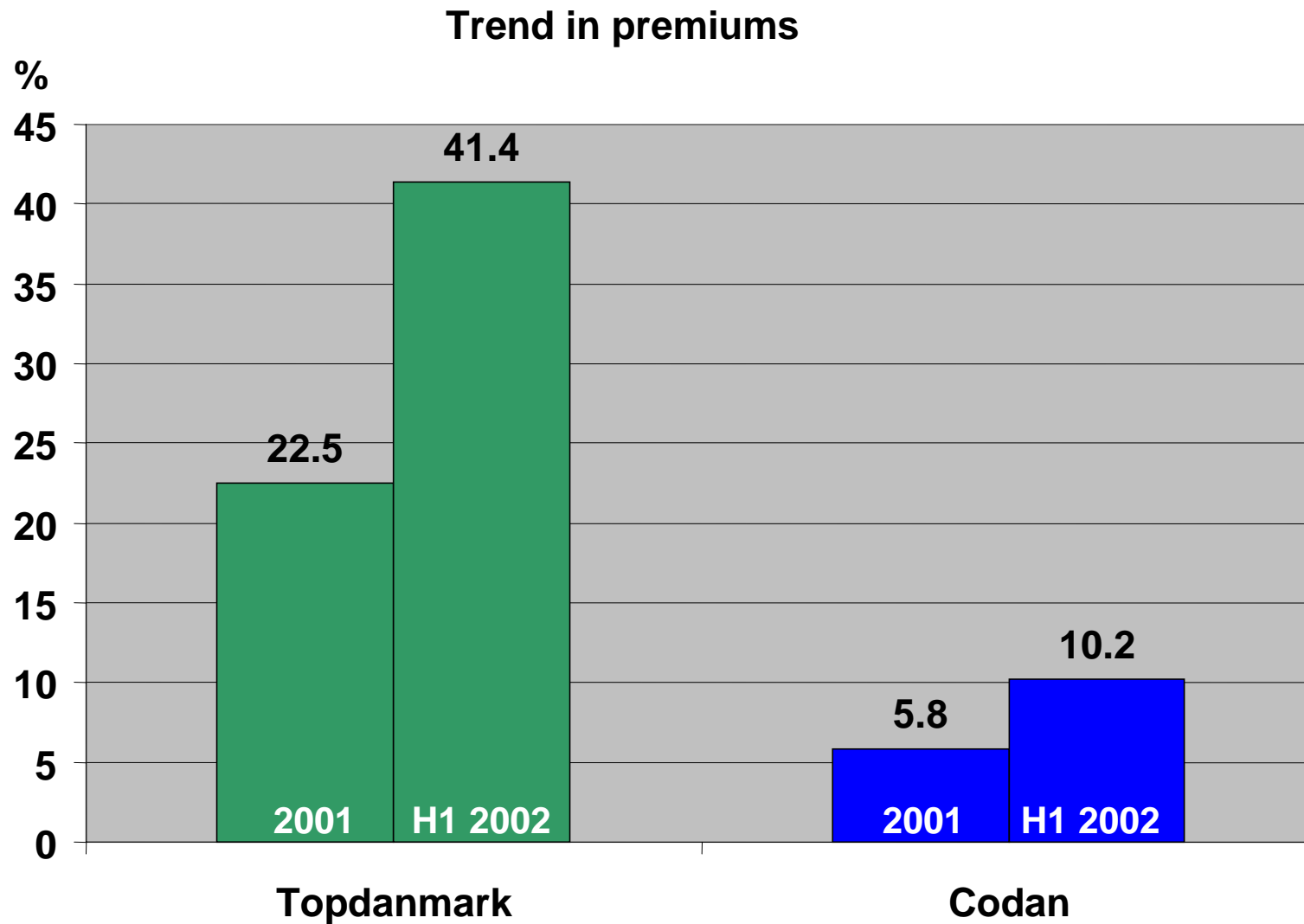
**Life**

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# Excellent improvement in life insurance premiums



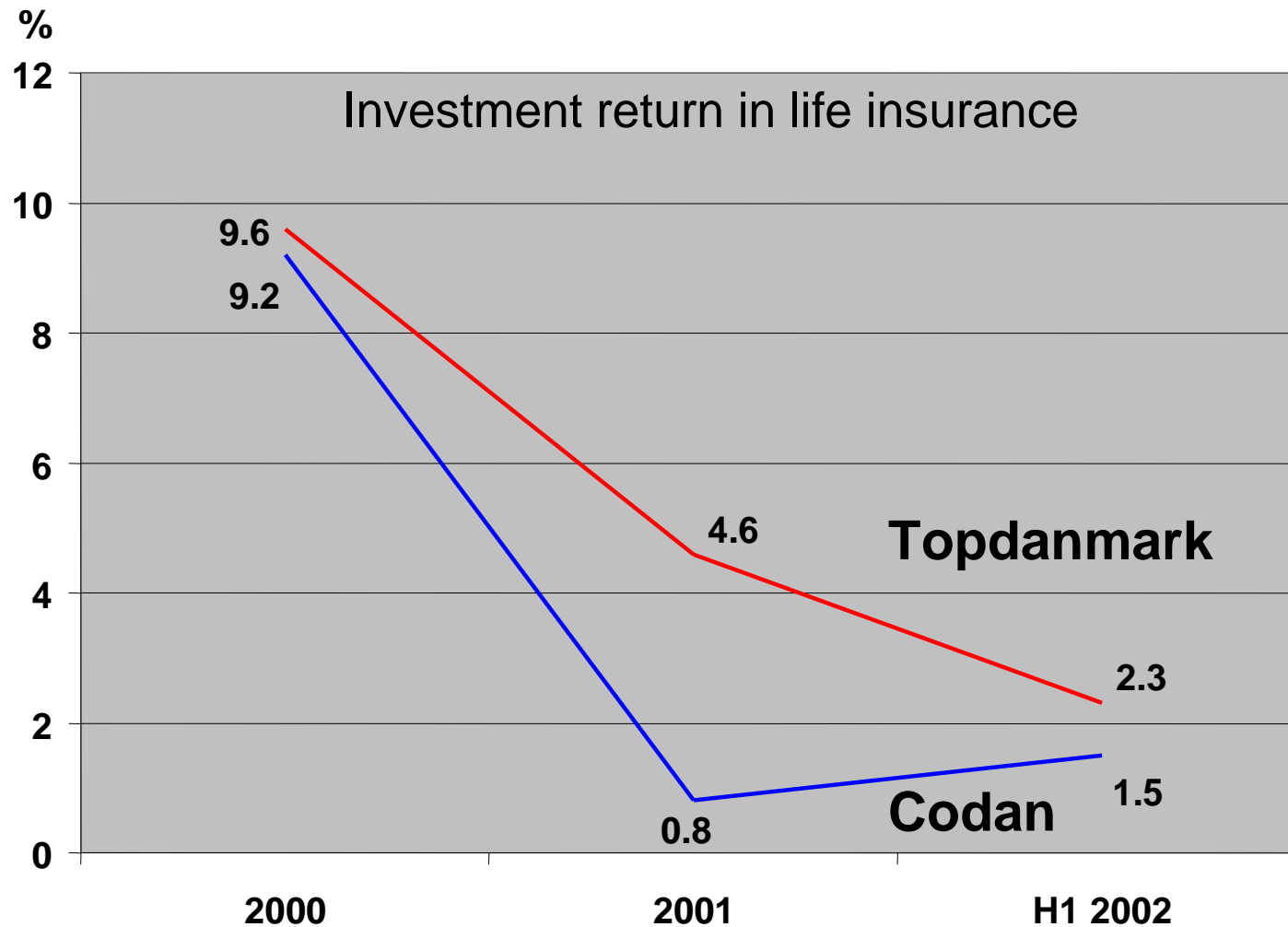
**Life**

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# Difficult market - but satisfied ... relatively



Life

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# Share buy-back to continue unchanged

- Since 1998, 37% reduction in share capital due to share buy-back programme.
- Share buy-back of DKK 498m in 2002 to date
- Expected share buy-back for 2002 continues to be DKK 600 - 700m
- Continued high level of share buy-back expected for 2003



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# Downgraded forecast for 2002

- Expected post-tax earnings of DKK 325 - 425m in 2002
- Assumed profit of DKK 45m from shareholding in Danske Bank

## Assumptions:

- Unchanged foreign exchange rates
- Stable interest rates
- An annual 8.5% return on equities.

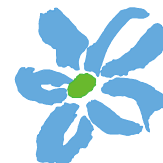
as compared with level on 20 August 2002



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# More claims and lower investment return

DKKm

Profit forecast for 2002 at Q1 2002

**545 - 645**

Revisions at Q2 2002

Lower investment return excl. Danske Bank (80)

Deteriorated claims trend in 2002 (270)

of which expected 90

of which covered by equalisation 90 (90)

Lower profit forecast for life insurance (50)

(220)

Downgraded profit forecast for 2002  
at Q2 2002

**325 - 425**



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